

Congress of the United States
Washington, DC 20515

March 14, 2022

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Secretary Yellen and Commissioner Rettig:

We are writing to request your assistance on behalf of taxpayers whose 2020 unemployment insurance (UI) payments were delayed into calendar year 2021.

As you know, the American Rescue Plan (ARP) allowed taxpayers earning less than \$150,000 to exclude from income up to \$10,200 of unemployment compensation paid in 2020. However, due to delays at the state agencies overseeing UI benefits, some taxpayers did not receive their payments until calendar year 2021. It is our understanding that this delay, which was plainly not the fault of the taxpayer, will create a tax burden for our constituents – to the extent that any delayed payments received in 2021 would be fully taxable, even though the payments in question were explicitly paid to cover weeks in the previous year.

In enacting the ARP, Congress clearly intended that \$10,200 of benefits paid to cover weeks of unemployment in 2020 should be tax-free. There is nothing any taxpayer could have done to prevent delays at the relevant state agencies, and they should not be penalized for that error. Furthermore, while we understand that state-level delays caused this problem, it is worth noting that virtually every government agency in the country – including the IRS itself – has experienced similar delays during the COVID-19 pandemic.

The past two years have been extraordinarily challenging. It is crucial that our constituents receive the full assistance provided to them by Congress. We recognize that solving this problem in the 2022 filing season presents logistical obstacles for both IRS and the taxpayer, and we are ready to work with you to find a path forward. Should Congress need to provide additional legislative clarity, we ask that you work swiftly with us to draft appropriate language.

Thank you, and we look forward to hearing from you.

Sincerely,



MIKE THOMPSON
Member of Congress

/s
KATIE PORTER
Member of Congress

LINDA T. SÁNCHEZ
Member of Congress

ERIC SWALWELL
Member of Congress

JARED HUFFMAN
Member of Congress

ALAN LOWENTHAL
Member of Congress

JIMMY PANETTA
Member of Congress

SALUD CARBAJAL
Member of Congress

ANNA ESHOO
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NANETTE BARRAGÁN
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JULIA BROWNLEY
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DOUG LAMALFA
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LUCILLE ROYBAL-ALLARD
Member of Congress

JUDY CHU
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JIM COSTA
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JIMMY GOMEZ
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JOSH HARDER
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TED W. LIEU
Member of Congress

SCOTT H. PETERS
Member of Congress

JOHN GARAMENDI
Member of Congress

AMI BERA, M.D.
Member of Congress

DORIS MATSUI
Member of Congress